

NOMURA SECURITIES INTERNATIONAL, INC.

FUTURES COMMISSION MERCHANT

DISCLOSURE DOCUMENT PURSUANT TO COMMODITY FUTURES TRADING COMMISSION RULES 1.55(i), 1.55(k), AND 1.55(o)

The Commodity Futures Trading Commission (“Commission” or “CFTC”) requires each futures commission merchant (“FCM”), including Nomura Securities International, Inc. (“NSI”), to provide the following information to a customer prior to the time the customer first enters into an account agreement with the FCM or deposits money or securities (“funds”) with the FCM. Except as otherwise noted, the information set out is as of March 6, 2025. NSI will update this information annually and as necessary to take account of any material change to its business operations, financial condition or other factors that NSI believes may be material to a customer’s decision to use NSI for FCM-related business. Nonetheless, NSI’s business activities and financial data are not static and may change in non-material ways frequently throughout any 12-month period. In addition, NSI is a wholly-owned subsidiary of Nomura Holding America Inc., which is, in turn, a wholly-owned subsidiary of Nomura Holdings, Inc. Information that may be material with respect to NSI for purposes of the Commission’s FCM disclosure requirements may not be material to Nomura Holding America Inc. or Nomura Holdings, Inc. for purposes of applicable securities laws.

As of March 6, 2025

This disclosure document was first used on July 12, 2014, and has been updated periodically.

Table of Contents

- I. Contact Information**
- II. FCM Designated Self-Regulatory Organization (DSRO)**
- III. FCM Principals**
- IV. Business Activities and Product Lines; Percentage of Assets and Capital Used for Each Activity**
- V. FCM Customer Business**
- VI. Permitted Depositories and Counterparties**
- VII. Material Risks**
- VIII. Material Complaints or Actions**
- IX. Customer Funds Segregation Overview**
- X. Relevant Financial Data**
- XI. Financial Information Available from the National Futures Association and CFTC**
- XII. Summary of Current Risk Practices, Controls and Procedures**
- XIII. Filing a Complaint**

I. Contact Information

Nomura Securities International, Inc.
 309 West 49th Street, New York, NY 10019
 Tel: (212) 667-9000; Fax: (212) 667-9100
 Contact NSI: <https://www.nomuraholdings.com/cgi-bin/feedback.cgi>

II. FCM Designated Self-Regulatory Organization (DSRO)

Chicago Board of Trade (CBOT)
 CME Group Inc.
 20 South Wacker Drive, Chicago, Illinois 60606
 Tel: (312) 930-1000; Fax: (312) 466-4410
www.cmegroup.com

III. FCM Principals (all business addresses are the NSI contact address listed above)

Satoshi Kawamura	Chief Executive Officer, President, and Senior Managing Director
<p>Mr. Kawamura is Chief Executive Officer, President, Senior Managing Director and Board of Directors of Nomura Securities International, Inc. (NSI), Senior Managing Director of Nomura Holdings, Inc., Senior Managing Director, CEO and President of Nomura Holding America Inc., and Senior Managing Director, CEO of Nomura Global Financial Products Inc. (NGFP). Over the course of his 25-year career at the Nomura Group, Mr. Kawamura has held senior management positions in a wide range of departments and businesses – most recently, as Head of Capital Markets. Previously, he worked in the International Finance Department, IB Transaction Department and Investment Banking Department and as Head of International Syndicate in London, as well as the Human Resources Department.</p>	
Vincent Primiano	Co-Chief Executive Officer and Member, Board of Directors
<p>Mr. Primiano is Co-Chief Executive Officer and Managing Director of NSI and NGFP, Co-President of Nomura Holding America Inc. and Chief Operating Officer Wholesale Division, Americas. Mr. Primiano joined Nomura in July 2009 from Barclays Capital where he was a Managing Director in the firm’s fixed income business. Before Barclays, he worked at Lehman Brothers for 18 years holding senior positions in Structured Finance and Securitized Products. He headed the Principal Finance Group and also served as the Chief Administrative Officer of Global Finance. Prior to joining Lehman, Vincent started his career as an Analyst at Goldman Sachs Inc.</p>	
Steven Aloupis	Co-Chief Executive Officer and Member, Board of Directors
<p>Mr. Aloupis is Co-CEO and Managing Director of NSI and NGFP and Board of Directors of NSI and NGFP. Mr. Aloupis is also a Managing Director and Chief Operating Officer of Nomura Holding America Inc. Prior to joining Nomura in February 2018, Mr. Aloupis held various positions over a 16-year period with Standard Chartered Bank (SCB), including CEO and President of Standard Chartered Securities (North America) Inc., Head of Corporate Finance Americas and Head of Capital Markets Americas and Europe. He was also a member of Americas, Global Corporate Finance, Global Markets, Debt Commitments and Global Business Leadership Management Committees. Prior to joining SCB, Mr. Aloupis was a Managing Director at BHF Capital, spent several years at ING Barings, and was in the Structured Finance Group at West LB. Mr. Aloupis began his career in the Valuation Service Group at Coopers & Lybrand.</p>	

Faron Webb	Managing Director and Chief Legal Officer
<p>Mr. Webb is a Managing Director and Chief Legal Officer and Head of Compliance in the Americas for Nomura. Mr. Webb serves as Executive Managing Director and General Counsel of Instinet Incorporated. In these capacities, Mr. Webb oversees Nomura's legal and compliance functions in the Americas and Instinet's parallel functions globally. Mr. Webb is also a member of several Nomura and Instinet senior management and governance committees. Prior to joining Nomura in 2004, Mr. Webb served as a Managing Director at Societe Generale and Chief Compliance Officer of its subsidiary, Cowen & Co. Mr. Webb also served as Head of US Equity Compliance at JP Morgan, as a senior attorney/regulatory advisor at PaineWebber and as an attorney in the Enforcement Division of the US Securities and Exchange Commission.</p>	
Greg Dumark	Managing Director & Chief Compliance Officer
<p>Mr. Dumark is a Managing Director and Chief Compliance Officer of NSI and Nomura Holding America. Prior to joining Nomura, Mr. Dumark served as Americas Head of Compliance and Chief Compliance Officer at Bloomberg, and prior to that, was a Director at Bloomberg's Tradebook Canada Company. Prior to Bloomberg, Mr. Dumark worked in senior compliance capacities at Citigroup and as a senior attorney in the U.S. Securities and Exchange Commission's Division of Trading and Markets.</p>	
Eugene Chiulli	Managing Director & Chief Financial Officer
<p>Mr. Chiulli is a Managing Director and Chief Financial Officer, Americas of NSI and Nomura Holding America. Mr. Chiulli has extensive industry experience, spending over 25 years covering products in the Retail Banking, Asset Management, Wealth Management and Capital Market sectors of the financial services industry. Most recently, Mr. Chiulli spent eight years at RBC Capital Markets LLC, the broker-dealer subsidiary of Royal Bank of Canada in the U.S., and was the US Controller for RBC and the CFO for its largest entity, RBC Capital Markets as well as the RBC Asset Manager "GAM." Prior to RBC, he worked at JP Morgan and Bear Stearns. Mr. Chiulli is an active member of SIFMA and is the former Treasurer of the Institute of International Bankers.</p>	
Miguel Espinosa	Managing Director
<p>Mr. Espinosa is a Managing Director and Head of Investment Banking, Americas. Mr. Espinosa also continues to be an integral part of the Financial Sponsors Group in the Americas where he continues to drive coverage of some of the firm's largest clients. Prior to joining Nomura, Mr. Espinosa was at Morgan Stanley for 15 years, where he spent the last 13 years covering Financial Sponsors on the west coast based in their San Francisco office. Prior to Morgan Stanley, Mr. Espinosa spent two years in the Oil & Gas group at The Chase Manhattan Bank based in Houston, Texas.</p>	
Simon Yates	Senior Managing Director
<p>Mr. Yates is a Senior Managing Director and serves as the Global Head of Equities Trading and International Head of Equities. Mr. Yates is also Joint Head of Sales & Trading for Global Markets Americas, with direct responsibility for equities. Prior to joining Nomura, Mr. Yates worked as a self-employed Proprietary Trader & Investor and was the CEO of Two Sigma Securities for seven years. Mr. Yates joined Two Sigma Securities in 2014 from Citigroup, where he was most recently Global Head of Equity Derivative, Sales & Trading. Prior to Citigroup, he was at Credit Suisse for 14 years, where he was most recently Co-Head, European Equities.</p>	
Arthur Laichtman	Managing Director & Chief Risk Officer
<p>Mr. Laichtman is a Managing Director and the Chief Risk Officer - Americas at Nomura. Mr. Laichtman is responsible for the oversight and control of all credit risk in the Americas across trading and banking. Mr. Laichtman joined Nomura in May 2022. Prior to joining Nomura, Mr. Laichtman was a Managing Director in Risk Control at UBS AG, where he oversaw counterparty risk in the Americas region. In addition, Mr. Laichtman was the Entity Risk Officer for the US broker-dealer and FCM, UBS Securities LLC, as well as the UBS AG, Stamford branch. Prior to UBS, Mr. Laichtman was employed by Kidder Peabody and The Bank of New York in various risk and internal auditing roles.</p>	

James Chenard	Managing Director
<p>Mr. Chenard is a Managing Director and Head of Americas Equity Capital Markets and Solutions at Nomura. During his career, Mr. Chenard has originated, structured, and executed a variety of equity and equity-linked financing, recapitalization, and hedging transactions for US and global issuers and investors. Additionally, he has structured and executed some of the largest structured equity stake building transactions disclosed in the US market. Prior to joining Nomura in 2011, Mr. Chenard was an attorney at Davis Polk & Wardwell LLP for approximately four years where he specialized in structured transactions across asset classes, equity-linked capital markets, and corporate restructurings.</p>	
James C. Giancarlo	Member, Board of Directors
<p>Mr. Giancarlo is a member of NSI’s Board of Directors and has been on the Board since 2021. Mr. Giancarlo also serves on the Board of Directors of Nomura Global Financial Products Inc. and Nomura Holdings, Inc. Mr. Giancarlo is currently a Senior Counsel of Wilkie, Farr & Gallagher LLP and is an Independent Director of the American Financial Exchange. Mr. Giancarlo served as the Chairman of the US Commodity Futures Trading Commission from 2017-2019 and served as a Commissioner of the CFTC from 2014-2017. Prior to joining the CFTC, from 2001-2014 Mr. Giancarlo served as the Executive Vice President of GFI Group Inc.</p>	
Laura S. Unger	Member, Board of Directors
<p>Ms. Unger is a member of NSI’s Board of Directors and has been on the Board since 2015. Ms. Unger also serves on the Board of Directors of NGFP and Nomura Holdings, Inc. Ms. Unger is currently a private consultant, specializing in regulatory and legislative policy and strategy matters, and serves as an independent director at a number of publicly traded companies where she Chairs various Board committees, including a Risk and Compliance Committee and a Governance Committee. Ms. Unger spent four years as a Special Advisor at Promontory Financial Group, providing regulatory, compliance and risk management advice to clients. Ms. Unger also served as a Commissioner of the US Securities and Exchange Commission (“SEC”) from 1999-2002, including serving as Acting Chair from February-August 2001. Before her appointment to the SEC, Ms. Unger spent over seven years as Securities Counsel to the US Senate Committee on Banking, Housing and Urban Affairs, and spent three as an attorney in the SEC’s Enforcement Division in Washington, D.C. and New York.</p>	

IV. Business Activities/Product Lines; Percentage of Assets/Capital Used for Each Activity

NSI is a New York corporation and is registered with the Commission as an FCM. NSI has been registered as an FCM since 1984.

NSI is registered with the Securities and Exchange Commission as a Broker-Dealer (“BD”). NSI has been registered as a BD since 1969.

NSI is registered with the Securities and Exchange Commission as a registered investment advisor. NSI has been registered as an investment advisor since 2012.

NSI provides investment banking and brokerage services to institutional customers and is engaged in various trading and brokerage activities with counterparties which include domestic financial institutions, multinational corporations, hedge funds, the US government and its agencies, security exchanges and clearing organizations.

Below is a breakdown of the approximate percentage of NSI’s assets and capital used in each type of activity as of November 30, 2024:

Activity/Product Line	% of Assets	% of Capital
Financing (Resales, Borrows)	60	38
Inventory by Business Line		
FICC	28	9
Equities	4	3
Other Inventory	2	27
Goodwill and Intangible Assets	0	1
Receivable from Broker-Dealers and Customers	1	0
Investments in Subsidiaries/Receivable from Affiliates	0	0
Fixed and All Other Assets	5	21

V. FCM Customer Business

NSI provides institutional customers with FCM services globally, directly or through its global affiliates. NSI's FCM customer business focuses on futures related activity. Below is a list of Clearing Organizations, Carrying Brokers, and Exchanges relevant to NSI's FCM customer business.

Clearing Organization Memberships	Member: NSI or Affiliate	NSI Futures Exchange Memberships
CME Group	NSI	Chicago Board of Trade
Eurex Clearing	Affiliate	Chicago Mercantile Exchange, Inc.
ICE Clear Europe	Affiliate	Commodity Exchange Inc.
ICE Clear Credit LLC	NSI	New York Mercantile Exchange
Japan Securities Clearing Corporation	Affiliate	
LCH.Clearnet Limited	Affiliate	
Options Clearing Corporation	NSI	
Singapore Exchange	Affiliate	

Carrying Brokers (location)	Affiliated with NSI (Y/N)
Nomura International plc (UK)	Y
Nomura Securities Co., Ltd. (Japan)	Y
Nomura Securities Singapore	Y
SG Americas Securities, LLC (US)	N

VI. Permitted Depositories and Counterparties

Permitted Depositories. NSI maintains a Depository Evaluation and Monitoring Procedure that enables NSI to evaluate and monitor financial institutions that NSI uses as Depositories of FCM Customer Funds. As part of the Procedure, NSI's Credit Risk Management group reviews financial institutions to consider their current or potential future role as Depositories of FCM Customer Funds. These reviews are conducted annually. In addition, Credit Risk Management monitors the financial health of Depositories of FCM Customer Funds on an on-going basis. Credit Risk Management's review of financial institutions includes review of factors such as: Operating Environment; Franchise; Business and Asset Diversification; Management & Corporate Governance; Financial Indicators (including earnings, asset quality, funding & liquidity, capital, and governmental support and deposit insurance); and Concentration of customer funds placed with the Financial Institution (if an existing Depository of Customer Funds). In addition to Credit Risk Management's role in evaluating and monitoring financial institutions, NSI's Regulatory Reporting group provides advice regarding a financial institution that will be a Depository of FCM Customer Funds, and in conjunction with Operations monitors the status of customer account balances on a daily basis. In addition, NSI's Treasury Department conducts due diligence on financial institutions prior to approval as a Depository of FCM Customer Funds.

Permitted Counterparties. The Commodity Exchange Act ("Act") and Commission Regulations set forth specific requirements and restrictions relating to an FCM investing customer funds. The FCM maintains segregated customer omnibus accounts. See Section IX "Customer Funds Segregation Overview" for a more detailed description of Commission requirements and restrictions. In order to comply with the Commission's requirements and restrictions (which emphasize the objectives of preserving principal and maintaining liquidity), NSI maintains a Treasury Customer Fund Investment Policy and Procedure that controls the investment of FCM customer funds. NSI invests FCM customer funds in cash deposits directly with CME or segregated bank account.

VI. Material Risks

Before deciding to deposit funds with an FCM, a customer should consider a number of factors about the FCM, including but not limited to the FCM's business, operations, risk profile, and affiliates. These factors may, depending on the particular FCM and its circumstance, pose certain risks that a customer may find to be material when deciding whether to entrust funds to that FCM. As described below (and elsewhere within this Disclosure Document), NSI's business, operations, risk profile, and affiliates are appropriately managed via its Risk Management Program and pose minimal risk to NSI's business as an FCM and to customer funds entrusted to it.

The types of investments an FCM makes with its own assets may pose certain risks to that FCM. If an FCM invests in highly speculative and risky assets, the FCM may suffer losses that could impact its operations and its financial health. If an FCM suffered losses that impacted its operations and financial health, that impact could be material to customers. As it relates to NSI, in order to ensure that it is in compliance with its regulatory capital requirements and that it has sufficient liquidity to meet its ongoing business obligations, NSI holds a significant portion of its assets in cash and US Treasury securities guaranteed as to principal and interest, and Government National Mortgage Association ("Ginnie Mae") securities. NSI also invests in other short-term highly liquid instruments, including money market instruments, and also invests a limited amount of its assets in certain highly-rated

corporate debt securities, collateralized debt/loan obligations, and asset-backed securities. The investments NSI chooses to make with its own assets and with customer funds are consistent with the participants, NSI is exposed to credit risk associated with non-performance of customers and counterparties in fulfilling their contractual obligations, which may be impacted by volatile or illiquid trading markets, and is exposed to market risk, which is the risk of loss to NSI as a result of fluctuation in the value of assets and debts due to changes in markets risk factors, such as interest rates, foreign exchange rates, and prices of securities. NSI actively manages credit and market risk, as further described in Section XII “Summary of Current Risk Practices, Controls and Procedures.”

In addition to actively monitoring and managing credit and market risk, NSI’s Treasury Group evaluates liquidity outflows and potential stress scenarios on a daily basis to ensure that liquidity impacts do not pose material risks to NSI’s operations. Moreover, NSI complies with all Commission and National Futures Association requirements to regularly report NSI’s leverage ratio. Leverage in this context is defined as NSI’s adjusted assets divided by capital (stockholders’ equity and subordinated debt). The resulting ratio reflects the amount of assets NSI holds per dollar of capital. By way of example, if an FCM has adjusted assets of \$10,000 and capital of \$5,000, the resulting ratio (10,000/5,000) equals 2, which means the FCM holds \$2 in assets for every \$1 of stockholders equity and subordinated debt. As of February 28, 2023, NSI’s ratio is approximately 8.16, which means for every \$1 of stockholder equity and subordinate debt, NSI holds approximately \$8.16 in assets. Finally, NSI invests customer funds as described herein in Section VI “Permitted Depositories and Counterparties.” The investments NSI makes with FCM customer funds are consistent with the objectives of preserving principal and maintaining liquidity.

An FCM can be exposed to material risk as a result of the activities of its affiliates and can expose its customers’ funds to risk if the FCM deposits those funds with an affiliate of the FCM. The concept of “affiliate risk” typically references a scenario where an affiliate is engaged in certain business activities that result in the insolvency of the affiliate. If an affiliate becomes insolvent, in certain circumstances that insolvency can spread to other affiliates or the entire affiliated group. In another circumstance, however, even if the insolvency does not spread to other affiliates (including the FCM), if the FCM deposited customer funds with the insolvent affiliate, customers may be impacted. First, if the insolvent affiliate is a “bank” and the FCM deposited customer funds in segregated, secured, or cleared swaps customer collateral accounts in that insolvent “bank,” customer accounts may be impacted. Second, if the insolvent affiliate is a foreign broker and the FCM deposited customer funds with the foreign broker for foreign futures and options trading, customer funds may be impacted by the insolvency and the insolvency regime in the jurisdiction of the insolvent affiliate (for more information, see the discussion of 30.7 Accounts in Section IX “Customer Funds Segregation Overview”). “Affiliate risk” can be managed by, among other things, ensuring appropriate focus is placed on capital adequacy, capital allocation and risk management. NSI invests customer funds and residual interest in overnight cash deposits directly with CME and with NSI’s customer segregated bank account at a custodial bank. NSI performs an annual review of the custodial bank and has found no material risks.

An FCM may have material commitments and contingent liabilities that, if large enough, could be material to its operations. NSI has commitments in the form of future lease payments for its facilities, and as of March 31, 2024 (the end of NSI’s most recent fiscal year) NSI had commitments to enter into future resale and repurchase agreements totaling \$2.4 billion and \$2.7 billion respectively.

NSI has no contingencies in the form of legal actions to disclose.

VIII. Material Complaints or Actions

Any material administrative, civil, enforcement, or criminal complaints or actions filed against the FCM where such complaints or actions have not concluded, and any enforcement complaints or actions filed against the FCM during the last three years can be found on the National Futures Association's Basic website: <https://www.nfa.futures.org/BasicNet/basic-profile.aspx?nfaid=v9SQjSarg1E%3D>.

As a registered broker-dealer, disciplinary disclosures relating to NSI can be found on FINRA's BrokerCheck at <https://brokercheck.finra.org/firm/summary/4297>.

IX. Customer Funds Segregation Overview

Customer Accounts. FCMs may maintain up to three different types of accounts for customers, depending on the products a customer trades:

- **Customer Segregated Account** for customers that trade futures and options on futures listed on US futures exchanges;
- **30.7 Account** for customers that trade futures and options on futures listed on foreign boards of trade; and
- **Cleared Swaps Customer Account** for customers trading swaps that are cleared on a DCO registered with the Commission (*NSI does not clear swaps for customers and does not maintain such accounts*).

The requirement to maintain these separate accounts reflects the different risks posed by the different products. Cash, securities and other collateral (collectively, Customer Funds) required to be held in one type of account, *e.g.*, the Customer Segregated Account, may not be commingled with funds required to be held in another type of account, *e.g.*, the 30.7 Account, except as the Commission may permit by order. For example, the Commission has issued orders authorizing ICE Clear Europe Limited, which is registered with the Commission as a DCO, and its FCM clearing members: (i) to hold in Cleared Swaps Customer Accounts Customer Funds used to margin both (a) Cleared Swaps and (b) foreign futures and foreign options traded on ICE Futures Europe, and to provide for portfolio margining of such Cleared Swaps and foreign futures and foreign options; and (ii) to hold in Customer Segregated Accounts Customer Funds used to margin both (c) futures and options on futures traded on ICE Futures US and (d) foreign futures and foreign options traded on ICE Futures Europe, and to provide for portfolio margining of such transactions.

- **Customer Segregated Account.** Funds that customers deposit with an FCM, or that are otherwise required to be held for the benefit of customers, to margin futures and options on futures contracts traded on futures exchanges located in the US, *i.e.*, designated contract markets, are held in a Customer Segregated Account in accordance with section 4d(a)(2) of the Act and Commission Rule 1.20. Customer Segregated Funds held in the Customer Segregated Account may not be used to meet the obligations of the FCM or any other person, including another customer.

All Customer Segregated Funds may be commingled in a single account, *i.e.*, a customer omnibus account, and held with: (i) a bank or trust company located in the US; (ii) a bank or trust company located outside of the US that has in excess of \$1 billion of regulatory capital; (iii) an FCM; or (iv) a DCO. Such commingled account must be properly titled to make clear that the funds belong to, and are being held for the benefit of, the FCM's customers. Unless a customer provides instructions to the contrary, an FCM may hold Customer Segregated Funds only: (i) in the US; (ii) in a money center country (Canada, France, Italy, Germany, Japan, and the United Kingdom); or (iii) in the country of origin of the currency.

An FCM must hold sufficient US dollars in the US to meet all US dollar obligations and sufficient funds in each other currency to meet obligations in such currency. Notwithstanding the foregoing, assets denominated in a currency may be held to meet obligations denominated in another currency (other than the US dollar) as follows: (i) US dollars may be held in the US or in money center countries to meet obligations denominated in any other currency; and (ii) funds in money center currencies (the currency of any money center country and the Euro) may be held in the US or in money center countries to meet obligations denominated in currencies other than the US dollar.

- **30.7 Account.** Funds that 30.7 Customers deposit with an FCM, or that are otherwise required to be held for the benefit of customers, to margin futures and options on futures contracts traded on foreign boards of trade, *i.e.* 30.7 Customer Funds, and sometimes referred to as the foreign futures and foreign options secured amount, are held in a 30.7 Account in accordance with Commission Rule 30.7.

Funds required to be held in the 30.7 Account for or on behalf of 30.7 Customers may be commingled in an omnibus account and held with: (i) a bank or trust company located in the US; (ii) a bank or trust company located outside the US that has in excess of \$1 billion in regulatory capital; (iii) an FCM; (iv) a DCO; (v) the clearing organization of any foreign board of trade; (vi) a foreign broker; or (vii) such clearing organization's or foreign broker's designated depositories. Such commingled account must be properly titled to make clear that the funds belong to, and are being held for the benefit of, the FCM's 30.7 Customers. As explained below, Commission Rule 30.7 restricts the amount of such funds that may be held outside of the US.

Customers trading on foreign markets assume additional risks. Laws or regulations will vary depending on the foreign jurisdiction in which the transaction occurs, and funds held in a 30.7 Account outside of the US may not receive the same level of protection as Customer Segregated Funds. If the foreign broker carrying 30.7 Customer positions fails, the broker will be liquidated in accordance with the laws of the jurisdiction in which it is organized, which laws may differ significantly from the US Bankruptcy Code. Return of 30.7 Customer Funds to the US will be delayed and likely will be subject to the costs of administration of the failed foreign broker in accordance with the law of the applicable jurisdiction, as well as possible other intervening foreign brokers, if multiple foreign brokers were used to process the US customers' transactions on foreign markets.

If the foreign broker does not fail but the 30.7 Customers' US FCM fails, the foreign broker may want to assure that appropriate authorization has been obtained before returning the 30.7 Customer Funds to the FCM's trustee, which may delay their return. If both the foreign broker and the US FCM were to fail, potential differences between the trustee for the US FCM and the administrator for the foreign broker, each with independent fiduciary obligations under applicable law, may result in significant delays and additional administrative expenses. Use of other intervening foreign brokers by the US FCM

to process the trades of 30.7 Customers on foreign markets may cause additional delays and administrative expenses.

To reduce the potential risk to 30.7 Customer Funds held outside of the US, Commission Rule 30.7 generally provides that an FCM may not deposit or hold 30.7 Customer Funds in permitted accounts outside of the US except as necessary to meet margin requirements, including prefunding margin requirements, established by rule, regulation, or order of the relevant foreign boards of trade or foreign clearing organizations, or to meet margin calls issued by foreign brokers carrying the 30.7 Customers' positions. The rule further provides, however, that, in order to avoid the daily transfer of funds from accounts in the US, an FCM may maintain in accounts located outside of the US an additional amount of up to 20 percent of the total amount of funds necessary to meet margin and prefunding margin requirements to avoid daily transfers of funds.

- **Cleared Swaps Customer Account.** Funds deposited with an FCM, or otherwise required to be held for the benefit of customers, to margin swaps cleared through a registered DCO, i.e., Cleared Swaps Customer Collateral, are held in a Cleared Swaps Customer Account in accordance with the provisions of section 4d(f) of the Act and Part 22 of the Commission's rules. Cleared Swaps Customer Accounts are sometimes referred to as LSOC Accounts. LSOC is an acronym for "legally separated, operationally commingled." Funds required to be held in a Cleared Swaps Customer Account may be commingled in an omnibus account and held with: (i) a bank or trust company located in the US; (ii) a bank or trust company located outside of the US that has in excess of \$1 billion of regulatory capital; (iii) a DCO; or (iv) another FCM. Such commingled account must be properly titled to make clear that the funds belong to, and are being held for the benefit of, the FCM's Cleared Swaps Customers.

- **Investment of Customer Funds.** Section 4d(a)(2) of the Act authorizes FCMs to invest Customer Segregated Funds in obligations of the United States, in general obligations of any State or of any political subdivision thereof, and in obligations fully guaranteed as to principal and interest by the United States. Section 4d(f) authorizes FCMs to invest Cleared Swaps Customer Collateral in similar instruments. Commission Rule 1.25 authorizes FCMs to invest Customer Segregated Funds, Cleared Swaps Customer Collateral and 30.7 Customer Funds in instruments of a similar nature. Commission rules further provide that the FCM may retain all gains earned and is responsible for investment losses incurred in connection with the investment of Customer Funds. However, the FCM and customer may agree that the FCM will pay the customer interest on the funds deposited.

Permitted investments include:

- (i) Obligations of the United States and obligations fully guaranteed as to principal and interest by the United States (US government securities);
- (ii) General obligations of any State or of any political subdivision thereof (municipal securities);
- (iii) Obligations of any United States government corporation or enterprise sponsored by the United States government (US agency obligations) (Note, obligations issued by the Federal National Mortgage Association, or the Federal Home Loan Mortgage Association are permitted only while these entities operate under the conservatorship or receivership of the Federal Housing Finance Authority with capital support from the United States);

- (iv) Interests in government money market funds provided that the government money market funds do not choose to rely on the ability to impose discretionary liquidity fees consistent with the requirements of 17 CFR 270.2a-7(c)(2)(i) (government money market fund);
- (v) Interests in exchange-traded funds which seek to replicate the performance of a published short-term U.S. Treasury security index composed of bonds, notes, and bills with a remaining maturity of 12 months or less, issued by, or unconditionally guaranteed as to the timely payment of principal and interest by, the U.S. Department of the Treasury (U.S. Treasury exchange-traded fund); and
- (vi) General obligations of Canada, France, Germany, Japan and the United Kingdom (permitted foreign sovereign debt), subject to the following:
 - A. A futures commission merchant may invest in the permitted foreign sovereign debt of a country to the extent the futures commission merchant has balances in segregated accounts owed to its customers denominated in that country's currency; and
 - B. A derivatives clearing organization may invest in the permitted foreign sovereign debt of a country to the extent the derivatives clearing organization has balances in segregated accounts owed to its clearing members that are futures commission merchants denominated in that country's currency.

The duration of the securities in which an FCM invests Customer Funds cannot exceed, on average, two years.

An FCM may also engage in repurchase and reverse repurchase transactions with non-affiliated registered broker-dealers, provided such transactions are made on a delivery versus payment basis and involve only permitted investments. All funds or securities received in repurchase and reverse repurchase transactions with Customer Funds must be held in the appropriate Customer Account, *e.g.*, Customer Segregated Account, 30.7 Account or Cleared Swaps Customer Account. Further, in accordance with Commission Rule 1.25, all such funds or collateral must be received in the appropriate Customer Account on a delivery versus payment basis in immediately available funds.

- **No SIPC Protection.** Although NSI is a registered broker-dealer, it is important to understand that the funds you deposit with NSI for trading futures and options on futures contracts on either US or foreign markets or cleared swaps are not protected by the Securities Investor Protection Corporation. Further, Commission rules require NSI to hold funds deposited to margin futures and options on futures contracts traded on US designated contract markets in Customer Segregated Accounts. Similarly, NSI must hold funds deposited to margin cleared swaps and futures and options on futures contracts traded on foreign boards of trade in a Cleared Swaps Customer Account or a 30.7 Account, respectively. In computing its FCM Customer Funds requirements under relevant Commission rules, NSI may only consider those FCM Customer Funds actually held in the applicable Customer Accounts and may not apply free funds in an account under identical ownership but of a different classification or account type (*e.g.*, securities, Customer Segregated, 30.7) to an account's margin deficiency. In order to be used for margin purposes, the funds must actually transfer to the identically-owned, under-margined account.

For additional information on the protection of customer funds, please see the Futures Industry Association’s “Protection of Customer Funds Frequently Asked Questions, Version 3.0” located at <https://fia.org/articles/protection-customer-funds-frequently-asked-questions>.

X. Relevant Financial Data as of November 30, 2024

(i) NSI’s total equity, regulatory capital, and net worth computed in accordance with US Generally Accepted Accounting Principles and Commission Rule 1.17, as applicable: Total Equity – 2,144,752,401; Regulatory Capital – 5,844,752,401; Net Worth – 2,144,752,401.

(ii) The dollar value of NSI’s proprietary margin requirements as a percentage of the aggregate margin requirement for futures customers and 30.7 customers: Proprietary Margin – 926,761,468, or 91 percent of NSI’s aggregate margin requirements

(iii) The smallest number of futures customers and 30.7 customers that comprise 50 percent of NSI’s total funds held for futures customers and 30.7 customers: 1 futures customer; 0 30.7 customer

(iv) The aggregate notional value, by asset class, of all non-hedged, principal over-the counter transactions into which the FCM entered was: Zero

(v) The amount, generic source and purpose of any committed unsecured lines of credit (or similar short-term funding) NSI has obtained but not yet drawn upon: NSI will source unsecured funding to meet business requirements and hold liquidity to meet stressed outflows for the broker-dealer and FCM businesses (additional liquidity is held at the regional holding company level). NSI sources all unsecured funding from the regional holding company. Specifically relating to FCM activity, the unsecured funding sources fund both customer (including residual interest) and house activity, in addition to holding additional liquidity for stress outflows to meet potential increases in margin requirements. NSI does not rely on third-party committed or uncommitted unsecured lines of credit as these lines of credit may not be reliable during times of stress.

(vi) The aggregate amount of financing NSI provides for FCM customer transactions involving illiquid financial products for which it is difficult to obtain timely and accurate prices: Zero

(vii) The percentage of futures customer and 30.7 customer receivable balances NSI had to write-off as uncollectable during the past 12-months, as compared to the current balance of funds held for futures customers and 30.7 customers: Zero

NSI’s audited financial statements can be found at:

<https://www.nomuranow.com/portal/site/login/en-gb/documents.html>

XI. Financial Information Available from the National Futures Association and CFTC

Customers should be aware that the National Futures Association (“NFA”) publishes on its website certain financial information with respect to each FCM. The FCM Capital Report provides each FCM’s most recent month-end adjusted net capital, required net capital, and excess net capital. (Information for a twelve-month period is available.) In addition, NFA publishes twice-monthly a Customer Segregated Funds report, which shows for each FCM: (i) total funds held in Customer Segregated Accounts; (ii) total funds required to be held in Customer Segregated Accounts; and (iii) excess

segregated funds, *i.e.*, the FCM’s Residual Interest. This report also shows the percentage of Customer Segregated Funds that are held in cash and each of the permitted investments under Commission Rule 1.25. Finally, the report indicates whether the FCM held any Customer Segregated Funds during that month at a depository that is an affiliate of the FCM.

The report shows the most recent semi-monthly information, but the public will also have the ability to see information for the most recent twelve-month period. A 30.7 Customer Funds report and a Customer Cleared Swaps Collateral report provides the same information with respect to the 30.7 Account and the Cleared Swaps Customer Account.

The above financial information reports can be found by conducting a search for a specific FCM in NFA’s BASIC system (<http://www.nfa.futures.org/basicnet/>) and then clicking on “View Financial Information” on the FCM’s BASIC Details page.

Additional financial information on all FCMs is available on the Commission’s website at:

<http://www.cftc.gov/MarketReports/financialfcmdata/index.htm>

XII. Summary of Current Risk Practices, Controls and Procedures

NSI has adopted a Risk Management Program in compliance with the FCM risk management program requirements contained in Commission Rule 1.11. NSI’s Risk Management Program takes into account market, credit, liquidity, foreign currency, legal, operational, settlement, segregation, technological and capital risks, as well as risks posed by affiliates. In addition, in accordance with the Commission’s FCM clearing member risk management requirements in Commission Rule 1.73, NSI: (i) screens customer orders for compliance with risk based limits; (ii) conducts stress tests under extreme but plausible conditions of all positions in the proprietary account and in each customer account that could pose material risk to NSI at least once per week; (iii) evaluates its ability to meet initial margin requirements at least once per week; (iv) evaluates its ability to meet variation margin requirements in cash at least once per week; (v) evaluate its ability to liquidate, in an orderly manner, the positions in the proprietary and customer accounts and estimates the cost of the liquidation at least once per quarter; and (vi) tests all lines of credit at least once per year.

NSI is integrated into the global Nomura Group¹ consolidated risk management governance and oversight structure. Nomura defines risks as (i) the potential erosion of an entity’s capital base due to unexpected losses arising from risks to which its business operations are exposed, such as market risk, credit risk, operational risk and model risk, (ii) liquidity risk, the potential lack of access to funds or higher cost of funding than normal levels due to a deterioration in Nomura’s creditworthiness or deterioration in market conditions, and (iii) business risk, the potential failure of revenues to cover costs due to a deterioration in the earnings environment or a deterioration in the efficiency or effectiveness of its business operations.

A fundamental principle within the Nomura Group is that all employees shall regard themselves as principals of risk management and appropriately manage these risks. Nomura seeks to promote a culture of proactive risk management throughout all levels of the organization and to limit risks to the confines of its risk appetite. The risk management framework Nomura uses to manage these risks consists of

¹ “Nomura Group” and “Nomura” refer to Nomura Holdings, Inc. and its consolidated subsidiaries, which includes NSI.

risk appetite, risk management governance and oversight, management of financial resources, the management of all risk classes, and processes to measure and control risks.

- **Risk Appetite**

Nomura has determined the maximum level and types of risk that it is willing to assume in pursuit of its strategic objectives and business plan and has articulated this in its Risk Appetite Statement. This document is jointly submitted by the Chief Risk Officer (“CRO”) and the Chief Financial Officer (“CFO”) to the Executive Management Board (“EMB”) for approval. The Risk Appetite Statement provides an aggregated view of risk and includes capital adequacy and balance sheet measures, liquidity risk, market and credit risk, operational risk, and model risk, and consists of quantitative metrics and qualitative statements. It is subject to regular monitoring and breach escalation as appropriate by the owner of the relevant risk appetite statement. Nomura’s Risk Appetite Statement is required to be reviewed annually by the EMB but it is reviewed on an ad hoc basis if necessary, and must specifically be reviewed following any significant changes in Nomura’s strategy. Risk appetite underpins all additional aspects of Nomura’s risk management framework.

- **Risk Management Governance and Oversight**

Committee Governance – NSI has established a committee structure to facilitate effective business operations and management of NSI’s risks. NSI also utilizes certain committees established by its corporate parent, Nomura Holding America Inc. (“NHA”), pursuant to intercompany service level agreements and arrangements. The formal governance structure for risk management is as follows:

NSI Executive Management Committee (“EMC”) – The EMC advises and assists NSI’s CEO in respect of considering NSI’s strategy in the context of regional and global strategy, monitoring performance, including the proper balance of revenue generation, expense control and regulatory compliance considerations, and the EMC also assists the CEO in reviewing and evaluating the overall budget and allocation of resources, and the risk and return of NSI’s businesses.

Board of Directors (“BoD”) - The BoD provides strategic direction for NSI and oversees the performance of its management, including internal controls and corporate results, as well as having responsibility for other matters customarily reserved for the BoD under Delaware law. NSI’s Board of Directors is comprised of the same individuals who serve as its Governing Body under CFTC rules.

Americas Asset and Liability Committee - The Committee advises and assists the Chief Financial Officer(s) of NHA and relevant subsidiaries and affiliates in respect of funding and liquidity issues, opportunities and risks. The Chairman communicates the committee’s analysis, advice and recommendations to the CEOs of NHA and its relevant subsidiaries (if not present) for further consideration and/or decision.

Americas Risk Management Committee - The Committee advises and assists the Chief Risk Officer(s) of NHA and relevant subsidiaries and affiliates in respect of market risk, credit risk and operational risk matters.

In addition, Nomura Holding Inc. (“NHI” or “Nomura”) has implemented the following governance structure.

Executive Management Board (“EMB”) - The EMB deliberates on and determines management strategy, allocation of management resources and important management matters of Nomura and seeks to increase shareholder value by promoting effective use of management resources and unified decision-making with regard to execution of business. The EMB delegates responsibility for deliberation of matters concerning risk management to the GIRMC. Key responsibilities of the EMB include:

- *Resource Allocation* - At the beginning of each financial year, the EMB determines the allocation of management resources and financial resources such as economic capital and unsecured funding to business units and establishes usage limits for these resources;
- *Business Plan* - At the beginning of each financial year, the EMB approves the business plan and budget. Introduction of significant new businesses, changes to business plans, the budget and allocation of management resources during the year are also approved by the EMB; and
- *Reporting* - The EMB reports the status of its deliberations to the BoD.

Group Integrated Risk Management Committee (“GIRMC”) - Upon delegation from the EMB, the GIRMC deliberates on or determines important matters concerning integrated risk management of Nomura to assure the sound and effective management of its businesses. The GIRMC establishes Nomura’s risk appetite and a framework of integrated risk management consistent with Nomura’s risk appetite. The GIRMC supervises Nomura’s risk management by establishing and operating its risk management framework. The GIRMC reports the status of key risk management issues and any other matters deemed necessary by the committee chairman to the BoD and the EMB. In addition, the GIRMC, upon delegation from the EMB, has established the Risk Management Policy, describing Nomura’s overall risk management framework including the fundamental risk management principles followed by Nomura.

Global Risk Management Committee (“GRMC”) - Upon delegation from the GIRMC, the GRMC deliberates on or determines, based on strategic risk allocation and risk appetite determined by the GIRMC, important matters concerning market, credit or reputational risk management of Nomura in order to assure the sound and effective management of Nomura’s businesses. The GRMC reports to the GIRMC the status of discussions at its meetings and any other matters as deemed necessary by the committee chairman.

Global Risk Analytics Committee (“GRAC”) and Model Risk Analytics Committee (“MRAC”) - Upon delegation from the GRMC, the GRAC and the MRAC deliberate on or determine matters concerning the development, management and strategy of risk models and valuation models, respectively. The committees’ primary responsibility is to govern and provide oversight of model management, including the approval of new models and significant model changes. Both committees report all significant matters and material decisions taken to the GRMC, on a regular basis.

GRMC Transaction Committee - Upon delegation from the GRMC, the GRMC Transaction Committee deliberates on or approves individual transactions in line with Nomura’s risk appetite in order to assure the sound and effective management of Nomura’s businesses.

Collateral Steering Committee (“CSC”) - Upon delegation from the GRMC, the CSC deliberates on or determines Nomura’s collateral risk management, including concentrations, liquidity, collateral re-use, limits and stress tests, provides direction on collateral strategy and ensures compliance with regulatory collateral requirements.

NSI Chief Risk Officer (“CRO”) – The NSI CRO is the most senior principal of Risk Management in the respective region and maintains a reporting line to NSI’s CEO and the Global Chief Risk Officer. The NSI CRO is responsible for ensuring proper controls around measurement and monitoring of the Market Risk and Credit Risk Tolerance Limits (“RTLs”) and escalating to Senior Management any applicable RTL exceptions. The NSI CRO is also responsible for ensuring the independent nature and separation of the Risk Management staff from business activity.

Chief Financial Officer (“CFO”) - The CFO is responsible for overall financial strategy of Nomura and has operational authority and responsibility over Nomura’s liquidity management based on decisions made by the EMB.

Risk Management Division - The Risk Management Division comprises various departments or units in charge of risk management established independently from Nomura’s business units. The Risk Management Division is responsible for establishing and operating risk management processes, establishing and enforcing risk management policies and regulations, verifying the effectiveness of risk management methods, gathering reports from Nomura Group entities, reporting to Executive Officers/Senior Managing Directors and the GIRMC and others, as well as reporting to regulatory bodies and handling regulatory applications concerning risk management methods and other items as necessary. Important risk management issues are closely communicated between members of the Risk Management departments and the CRO. The CRO and/or Deputy CRO regularly attend the EMB and GIRMC meetings to report specific risk issues.

Risk Policy Framework - Policies and procedures are essential tools of governance used by the Risk Management Division. They define principles, rules and standards, and the specific processes that must be adhered to in order to effectively manage risk at Nomura. The Risk Management Division has established a risk policy framework to promote appropriate standards and consistency for risk policies and procedures and to articulate the principles and procedures conducive to effective risk management. All risk management policies and procedures are developed in line with this policy framework and a defined process is followed for any exceptions.

Monitoring, Reporting and Data Integrity - Development, consolidation, monitoring and reporting of risk management information (“risk MI”) are fundamental to the appropriate management of risk. The aim of all risk MI is to provide a basis for sound decision-making, action and escalation as required. The Risk Management Division and the Finance Division are responsible for producing regular risk MI, which reflects the position of Nomura relative to stated risk appetite. Risk MI includes information from across the risk classes defined in the risk management framework and reflect the use of the various risk tools used to identify and assess those risks. The Risk Management Division is responsible for implementing appropriate controls over data integrity for risk MI.

Market Risk Management - Market risk is the risk of loss arising from fluctuations in the value of financial assets and liabilities (including off-balance sheet items) due to fluctuations in market risk factors (interest rates, foreign exchange rates, prices of securities and others). Effective management of market risk requires the ability to analyze a complex and constantly changing global market environment, identify problematic trends and ensure that appropriate action is taken in a timely manner. Nomura uses a variety of statistical risk measurement tools to assess and monitor market risk on an ongoing basis, including, but not limited to, Value at Risk (“VaR”), Stressed VaR (“SVaR”) and Incremental Risk Charge (“IRC”). VaR is a measure of the potential loss due to adverse movements of

market factors, such as equity prices, interest rates, credit, foreign exchange rates, and commodities with associated volatilities and correlations.

Credit Risk Management - Credit risk is the risk of loss arising from an obligor or counterparty's default, insolvency or administrative proceeding which results in the obligor's failure to meet its contractual obligations in accordance with agreed terms. This includes both on and off-balance sheet exposures. It is also the risk of loss arising through a credit value adjustment associated with deterioration in the creditworthiness of a counterparty. Nomura manages credit risk on a global basis and on an individual Nomura legal entity basis. Credit risk is managed by Credit Risk Management ("CRM"), which operates as a credit risk control function within the Risk Management Division, reporting to the CRO. The process for managing credit risk at Nomura includes:

- Assessing the creditworthiness of NSI's obligors and approved commensurate credit limits;
- Providing independent intraday and end-of-day monitoring of Credit Exposure;
- Communicating limit breached to the appropriate level of senior management and/or senior management body for their action;
- Assignment of internal ratings to all active counterparties;
- Approval of extensions of credit and establishment of credit limits;
- Measurement, monitoring and management of the firm's current and potential future credit exposures;
- Setting credit terms in legal documentation, including margin terms; and
- Use of appropriate credit risk mitigants, including netting, collateral and hedging;

Operational Risk Management ("ORM") - Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events. It excludes strategic risk (the risk of loss as a result of poor strategic business decisions) but includes the risk of breach of legal and regulatory requirements, and the risk of damage to Nomura's reputation if caused by an operational risk. The ORM group is responsible for the development and ongoing support of a consistent firm-wide risk and control framework. ORM responsibilities includes:

- Developing the Framework and methodology for the identification, assessment, management, monitoring and reporting of Operational Risk;
- Providing periodic reporting on Operational Risk to the Senior Management and the Governing Body and other relevant committees as necessary.
- Nomura adopts the industry standard "Three Lines of Defense" for the management of operational risk, comprising the following elements:
 - 1st Line of Defense: The business which owns and manages its risks
 - 2nd Line of Defense: The Operational Risk Management ("ORM") function, which defines and co-ordinates the operational risk strategy and framework and provides challenge to the 1st Line of Defense
 - 3rd Line of Defense: Internal and External Audit, who provide independent assurance

Model Risk Management - Model risk is the risk arising from model errors or incorrect or inappropriate model application, which can lead to financial loss, poor business and strategic decision making, restatement of external and internal reports, regulatory penalties and damage to Nomura's reputation.

Errors can occur at any point from model assumptions through to implementation. In addition, the quality of model outputs depends on the quality of model parameters and any input data. Even a fundamentally sound model producing accurate outputs consistent with the design objective of the model may exhibit high model risk if it is misapplied or misused. Nomura has documented policies and procedures in place, which define the process and validation requirements for implementing changes to valuation and risk models. Before models are put into official use, the Model Validation Group (“MVG”) is responsible for validating their integrity and comprehensiveness independently from those who design and build them. All models are also subject to an annual re-approval process by MVG to ensure they remain suitable. For changes with an impact above certain materiality thresholds, model approval is required.

Funding and Liquidity Risk - Funding and liquidity risk is the risk of loss arising from difficulty in securing necessary funding or from a significantly higher cost of funding than normal levels due to a deterioration in Nomura’s creditworthiness or a deterioration in market conditions.

Business Risk - Business risk is the risk of failure of revenues to cover costs due to a deterioration in the earnings environment or a deterioration in the efficiency or effectiveness of Nomura’s business operations. Managing business risk is the responsibility of Nomura’s Executive Managing Directors and Senior Managing Directors.

For a more detailed discussion of Risk Management within the Nomura Group, please see the relevant discussion in Part I of the most recent Nomura Holdings, Inc. SEC annual Form 20-F filing found at: <http://www.nomuraholdings.com/investor/library/sec/>

XIII. Filing a Complaint

An FCM customer may file a complaint about NSI or one of its employees with the National Futures Association electronically at <http://www.nfa.futures.org/basicnet/Complaint.aspx> or by calling 1-800-621-3570.

An FCM customer may file a complaint about the NSI or one of its employees with the CME Group electronically at: <http://www.cmegroup.com/market-regulation/file-complaint.html> or by calling 312-341-3286.

An FCM customer may file a complaint about NSI or one of its employees with the Commission by calling the Division of Enforcement toll-free at 866-FON-CFTC (866-366-2382) or contacting the Division of Enforcement electronically at <https://www.cftc.gov/Forms/tipsandcomplaints.html>.